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DEPARTMENT FOR INR/I

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SUBJECT: MALAYSIA'S MOST PROMINENT THINK TANKS (C-AL7-00170)

REF: A. 06 KUALA LUMPUR 1942

[1B.](#) 06 KUALA LUMPUR 1975

[1C.](#) KUALA LUMPUR 291

[1D.](#) STATE 22841

Classified By: Political Section Chief Mark D. Clark
for reasons 1.4 (b, d)

[11.](#) (C) Summary: Malaysia's most prominent think tanks all have historical ties to and receive substantial funding and material support from the Government of Malaysia. The Institute of Strategic and International Studies (ISIS), the Malaysian Institute for Economic Research (MIER), and the Asian Strategic and Leadership Institute (ASLI) represent Malaysia's most prominent think tanks. The Penang state government maintains a think tank that focuses on local policy issues. Although they all comprise well-educated and politically connected academicians and professional researchers, true independence is often lacking. Think tanks often play an active role in developing and advancing domestic policies and agendas, and by providing important input into the annual government budget process. The government's ultimate control of the purse strings and limitations on public discourse concerning issues of race relations, government transparency and religion are the dominant factors in limiting the over all scope of work. This cable responds to RFI in Ref D (C-AL7-00170). End Summary.

[12.](#) (SBU) WHAT ARE THE THREE TO FIVE MOST PROMINENT HOME-GROWN THINK TANKS IN MALAYSIA. WHAT ARE THE SOURCES OF FUNDING FOR THESE THINK TANKS?

[1A.](#) (SBU) Institute of Strategic and International Studies (ISIS), established in 1983, is reputed to be the first Malaysian think tank and was the brainchild of former Prime Minister Mahathir Mohamad. Although the initial funding to establish the think tank came from the government, ISIS has evolved into an independent and self-sustaining entity through returns from its investments. The GOM no longer provides direct support for ISIS' operational costs, but the institute continues to benefit from its use of a substantial government-owned office and meeting facility. ISIS continues to receive project-based funding on an ad hoc basis from the government for events and conferences it hosts. ISIS Chairman and CEO, Jawhar Hassan, is closely associated with the current political leadership and is the Chairman of the New Straits Times Press, owned by the dominant United Malays National Organization (UMNO). Jawhar has lamented to Embassy officers that the ISIS faces financial difficulties. ISIS also acts as the Malaysian representative to the Network of East Asian Think tanks (NEAT); a member of the secretariat for the Council for Security Cooperation in the Asia Pacific (CSCAP); and annually hosts the Asia Pacific Roundtable and East Asia Congress.

[1B.](#) (SBU) Malaysian Institute for Economic Research (MIER) is a non-profit, semi-private think tank established in 1985 devoted to economic, financial and business research. The Institute was first mooted by the Prime Minister's Economic Panel during Mahathir's administration and later promoted by the Council of Malaysian Invisible Trade (COMIT). MIER is also a consultant to national oil company PETRONAS and is located at a premise owned by the company. MIER's income is derived from economic research projects commissioned by clients in both the private and public sectors and from overseas. The Japanese International Cooperation Agency (JICA) is one of MIER's main clients and the Institute provides capacity building training courses for JICA-sponsored invitees from developing countries such as Laos, East Timor, Burma, and Afghanistan. The Institute's Executive Director is Professor Emeritus Dr. Mohamed Ariff, a prominent economist and economic advisor to several banks and to the government on an ad hoc basis. However, the Institute remains quite independent and has at times crossed swords with the government on various economic policies, while remaining a vital policy resource for PETRONAS. In contrast to ISIS, which maintains a relatively large staff of scholars, MIER has a thin bench both in terms of number and quality. Particularly since the departure of Deputy Director Kevin Chew in fall 2006, MIER has no scholars with public stature other than Dr. Ariff.

[1C.](#) (SBU) Asian Strategic and Leadership Institute (ASLI) was established in 1993 through funding from the Sunway Group of Companies, a private

[1D.](#) (SBU) The Penang state government maintains its own think tank, the Socioeconomic and Environmental Research Institute (SERI), which provides policy input on local policy issues. As Penang is at the leading edge in terms of economic and social development in Malaysia, the issues SERI tackles sometimes provide a signal of future national developments (e.g., a rising consciousness about the need to address urban environmental issues created by extensive economic development in a confined space). SERI works closely with academics at the University Sains Malaysia (USM) in Penang. Its policy agenda is largely set by the state government, although it has some latitude to pursue independent interests. Executive Director Dr. Yee Lai Wan has been on the job less than a year and has launched a reorganization process. It is not clear as yet what this will mean for the institute.

[13.](#) (SBU) WHAT ROLE DO THE THINK TANKS PLAY IN POLICY DEBATES AND POLICY FORMATION? POSSIBLE EXAMPLES OF IMPACT WOULD INCLUDE ITS POLITICAL PAI

[1A.](#) (SBU) The three prominent think tanks, when engaged by the government, make policy recommendations on national and

international economic issues; defense, security and foreign policy issues; strategies on nation building and other issues such as on the environment and so forth. The government generally expects the think tanks to provide recommendations during the policy formulation stage. For instance, MIER was involved in formulating the Third Industrial Master Plan (IMP) for the Ministry of International Trade and Industry (MITI). According to one official with MIER, MITI was not thrilled with some of the recommendations made by MIER. When the final IMP was presented MIER noticed that some of their recommendations were omitted from the plan. During the Mahathir era, ISIS was given a major project to formulate strategies on nation building and on national unity. In early 2006, ISIS organized workshops and brainstorming sessions between its scholars, other academics and government officials to develop elements of the Ninth Malaysia plan. ISIS scholars continue to provide input to the government on socioeconomic issues, such as immigration policy.

1B. (SBU) ISIS formulated the "Vision 2020" strategy in 1993 that seeks to transform Malaysia into a developed nation with a united Malaysian race by the year 2020. The government used ISIS' recommendations for its 1995 general election manifesto and the ruling coalition (BN) won one of its largest majorities in Parliament. The "Vision 2020" theme remains a prominent element of the Ninth Malaysia Plan.

1C. (SBU) With its close ties to government, ASLI often focuses its efforts on government priorities and missions. ASLI provides yearly input into the GOM budget consultation process. For the 2007 budget, ASLI presented a list of twelve recommendations for consideration in developing and implementing national budget priorities which would encourage national development and racial diversity in the work place. ASLI also hosts yearly conferences aimed at advancing national priorities as determined by the Malaysian cabinet. Already in 2007, ASLI has hosted or planned and organized conferences and fora on advancing the developmental goals of the Organization of Islamic Conference (OIC) and promoting Non-Aligned Movement (NAM) agendas such as advancing South-South trade. ASLI has adopted PM Abdullah's focus on transparency in government and created focus papers and hosted a variety of luncheons and speakers promoting world ethics and government transparency.

14. (SBU) WHAT ROLE DO THINK TANKS PLAY IN POLICY ADVOCACY AND PROMOTING PUBLIC AWARENESS OF POLICY? POSSIBLE AREAS OF INQUIRY INCLUDE THE THIN

1A. (SBU) In terms of policy advocacy and promoting public awareness of policies, Malaysia's prominent think tanks only play a role if a partic

1B. (SBU) Although, ISIS, ASLI and MIER focus on certain niche groups, there are other politically connected smaller think tanks such as the Social Strategic Foundation (funded by the Malaysian Indian Congress, MIC), Sedar Institute (funded by Gerakan) and Insap (funded by the Malaysian Chinese Association, MCA) that cater to the needs of the their respective political party members. These think tanks tend to focus on micro-issues such as employment, race relations, and education opportunities. They also highlight training and employment opportunities for both party members and the public, especially in the private and public sectors. In some instances, these smaller think tanks cooperate with foreign foundations such as the Konrad Adenaur and Friedrich Naumann Stiftung Foundations from Germany to fund their forums and activities. In one such example, the Gerakan think tank Sedar co-hosted a race relations forum in 2006 with the Konrad Adenaur foundation.

1C. (SBU) The Malaysian Strategic and Research Center (MSRC) is another local think tank that once shared excellent relations with local civil society groups. As discussed more fully in ref C, MSRC was an influential political and defense based research organization that benefited extensively from its close ties with the Deputy Prime Minister, Najib Tun Razak. MSRC's conferences and workshops enjoyed support from many foreign missions, including the United States. However, in late 2006 after MSRC's Executive Director Abdul Razak Abdullah Baginda was charged with abetting the murder of a Mongolian national, the think tank quickly faded from importance and influence. No other think tanks have yet emerged with such extensive connections to civil society and international influence.

1D. (SBU) SERI does not have a direct influence on the federal level, but some of its ideas are picked up and broadcast by others. For example, SERI work on waste disposal has influenced NGOs in other parts of Malaysia, who in turn have sought to influence federal and other state government policies on waste disposal.

15. (SBU) WHAT EXTENT OF AUTONOMY DO THINK TANKS HAVE FROM THE GOVERNMENT? AREAS TO EXPLORE INCLUDE THE REVOLVING DOOR PHENOMENON, SOURCES OF F
(SBU) Generally speaking, Malaysia's think tanks enjoy a wide degree of autonomy but remain driven by their sources of funding. Think tanks ma

16. (SBU) WHAT ARE THE PROCEDURES FOR REGISTERING A THINK TANK? WHAT LAWS APPLY TO THINK TANK ACTIVITIES? WHAT RECOURSE DOES A GOVERNMENT AND/C

(SBU) Under Malaysian law, think tanks can register either under the Societies Act or the Company Act. In practice, nearly all think tanks opt for the Company Act, as there are fewer restrictions compared to the Societies Act, particularly in the area of fund raising. Entities generally avoid registration under the Societies Act where the Registrar of Societies has stronger enforcement powers to limit topics of discussion and discourse. Although the Government has not yet taken action against any think tank, the Registrar of Companies could be used as a punishing agent against errant organizations by auditing the financial records or by challenging the required registrations, taxes and disclosure requirements of registered companies. Perhaps more immediate to the company's continued existence, the government could cancel contracts for training and consultancy work or, as in the case of ASLI, simply reject the findings or recommendations from the "errant" organization.

17. (C/NF) WHAT TOOLS DOES THE GOVERNMENT HAVE TO EMPLOY TO MONITOR OR LIMIT THINK TANK ACTIVITIES? HOW DOES THE NATURE OF THE POLITICAL SYSTEM

(C/NF) The government's most effective tool is the power of the purse. Of the three major think tanks discussed, none are sufficiently self sustaining that they could survive without government assistance or contracts. Notwithstanding this limitation, the think tanks are generally staffed with highly educated, forward thinking professionals. The best of them can and do take public stands in opposition to government policy (e.g., Dr. Ariff called for freeing the ringgit from its peg to the dollar for several years prior to

Bank Negara's decision to liberalize its currency policy). The government recognizes the value of independent thinkers, and while political change is sometimes glacially slow in Malaysia, prominent think tanks play an active role in advancing new ideas and research. However, Malaysian think tanks, like many other facets of Malaysian society, seem to be limited by government-enforced restraints on open discussions regarding race relations, religion, and government transparency. Three of the nation's lingering social issues remain off the table for public discussion, even among think tanks. ASLI's venture into the discussion of bumiputra equity (see para 5 above), though a minor part of their overall report, epitomized the acceptable limits of research and reporting.

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